

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6981

BILL NUMBER: SB 530

NOTE PREPARED: Jan 18, 2013

BILL AMENDED:

SUBJECT: Schedule for Electronic Benefits Transfers.

FIRST AUTHOR: Sen. Kenley

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Division of Family Resources (DFR) to establish a schedule for the distribution of Supplemental Nutrition Assistance Program (SNAP) benefits during the first 28 days of each month.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* Revising the SNAP benefit distribution schedule will increase administrative costs of the DFR to (1) make system changes for a new distribution schedule, (2) provide staff education and training, and (3) provide outreach materials to inform the public regarding the change in benefit distribution.

Georgia and North Carolina in the fall of 2012 revised their SNAP benefit disbursement schedules, incurring costs of \$250,000 (Georgia) and \$450,000 (North Carolina). Both states report receiving federal reimbursement for 50% of the total costs of these changes. If the FSSA were to experience similar costs, net state expenditures could increase between \$125,000 and \$225,000.

Actual increases in state expenditures will depend on which expenses would be considered approved “administrative” expenses, and therefore reimbursable under the SNAP program.

Additional Information:

Federal Guidance: The USDA provided a letter to all states clarifying support for staggering SNAP benefits throughout the month. Additionally, the USDA advised that states have the authority to stagger SNAP payments over the entire month as long as no participant goes longer than 40 days between benefit issuance days.

This bill requires the Division of Family Resources to evenly distribute SNAP benefits to benefit recipients. Under the current benefit distribution schedule, recipients receive SNAP benefits within the first 10 days of the month. The bill would require DFR to stretch the benefit distribution schedule over the first 28 days of the month.

In order to maintain compliance with federal requirements, the bill allows DFR to issue prorated payments during the first month of implementation, although it is not known if the DFR will elect to do this.

Expenses of Implementing a Revised Distribution Schedule: In order to implement a revised SNAP benefit distribution schedule, DFR reports the agency will be required to (1) make computer system changes, (2) educate DFR staff on the changes, and (3) provide outreach to inform SNAP recipients of the changes.

Information on the estimated costs of implementing a revised benefit distribution schedule is not currently known, but will be provided as information is made available by the Family and Social Services Administration (FSSA).

Under the SNAP program, 50% of the approved administrative costs are reimbursed by the federal government, although it is not known how much of the increased costs of implementing a revised distribution schedule would be reimbursed.

State Comparison: Georgia, North Carolina, Tennessee, and Virginia have recently expanded their SNAP distribution schedules; however, no state currently has a distribution schedule that exceeds 20 days.

Georgia previously utilized a 10-day disbursement schedule, which was changed to a 19-day schedule in September 2012. During the first two months of implementation, SNAP recipients received a reduced August benefit payment on the recipient's normal distribution date, a second payment in August on the recipient's new distribution date (the remainder of the recipient's August benefit payment), and a regular September benefit payment on the recipient's new benefit distribution date.

Georgia instituted an outreach campaign to inform SNAP recipients of the new distribution schedule. Outreach included fliers, updates to the state website, and coordination of the disbursement of educational materials. The costs of increasing the distribution schedule were reported to be approximately \$250,000 in the first year of implementation, of which 50% was reimbursed by the federal government.

Additionally, the state of North Carolina changed its SNAP disbursement schedule from 10 days to 19 days. The reported costs of the transition were approximately \$450,000, of which half was reimbursed by the federal government.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DFR.

Local Agencies Affected:

Information Sources: Christina Hage, FSSA; Lisa Marie Shekell, Georgia Department of Human Services, (404) 657-1390; Cathy Krieger, Georgia Department of Human Services, (404) 657-7696; Jessica Shahin, USDA.

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